

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

VERIZON NORTH INC., VERIZON SOUTH INC. (Verizon))	
and VOICESTREAM WIRELESS CORPORATION)	
)	02-0037
Joint Petition of Verizon North Inc., Verizon South, Inc.,)	
and VoiceStream Wireless Corporation for Approval)	
pursuant to 47 U.S.C. §§ 252 (a)(1) and 252 (e),)	
for an Agreement Supplementing Adopted Terms of)	
<u>an Interconnection Agreement</u>)	

VERIFIED STATEMENT OF MELANIE K. PATRICK, Ph.D.

INTRODUCTION

My name is Melanie K. Patrick, and I am employed by the Illinois Commerce Commission as a Policy Analyst in the Telecommunications Division. I graduated from Carnegie Mellon University in Pittsburgh, PA, with a Bachelor of Science degree in Public Policy and Management in 1986, and with a Master of Science degree in Public Management and Policy in 1987. In 1999, I received the degree of Doctor of Philosophy in Political Science from Brown University in Providence, RI, earning an additional Master of Arts degree from Brown University, also in Political Science, in 1993. Among my duties as a Policy Analyst is to review negotiated agreements and provide a recommendation as to their approval.

SYNOPSIS OF THE AGREEMENT

Docket 02-0037 contains an Joint Petition to Amend the existing Interconnection Agreement between Verizon North Inc., Verizon South Inc. (collectively, "VERIZON"), and VoiceStream Wireless Corporation ("VOICESTREAM"), which carries an effective

date of June 14, 2001. This Petition contains an agreement to supplement the adopted terms of the Interconnection Agreement approved by the Illinois Commerce Commission in Docket 01-0684. Amendment 1, attached to the Joint Petition, specifies that Appendix A of the original Interconnection Agreement will be altered to reflect new rates for transport and termination. Amendment 1 also contains provisions for termination of these new rates, by either party, that do not alter the conditions for termination contained in the underlying agreement.

STANDARD OF REVIEW

The purpose of my verified statement is to examine the agreement based on the standards set forth in section 252(e)(2)(A) of the 1996 Act. Specifically, this section states:

The State commission may only reject-

- an agreement (or any portion thereof) adopted by negotiation under subsection (a) if it finds that-
- (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or
- (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity.

APPROVAL UNDER SECTION 252(e)

A. Discrimination

The first issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it discriminates against a telecommunications carrier that is not a party to the agreement. Discrimination is generally defined as giving preferential treatment to the interconnecting carrier to the detriment of a telecommunications carrier that is not a

party to the agreement. In previous dockets, Staff has taken the position that in order to determine if a negotiated agreement is discriminatory, the Commission should determine if all similarly situated carriers are allowed to purchase the service under the same terms and conditions as provided in the agreement. I recommend that the Commission use the same approach when evaluating this negotiated agreement.

A carrier should be deemed to be similarly situated to VOICESTREAM for purposes of this agreement if telecommunications traffic is exchanged between such carrier and VERIZON for termination on each other's networks and if such carrier imposes costs on VERIZON that are no higher than the costs imposed by VOICESTREAM. If a similarly situated carrier is allowed to purchase the service(s) under the same terms and conditions as provided in this contract, then this contract should not be considered discriminatory. Evaluating the term discrimination in this manner is consistent with the economic theory of discrimination. Economic theory defines discrimination as the practice of charging different prices (or the same prices) for various units of a single product when the price differences (or same prices) are not justified by cost. See, Dolan, Edwin G. and David E. Lindsey, Microeconomics, 6th Edition, The Dryden Press, Orlando, FL (1991) at pg. 586. Since Section 252(i) of the 1996 Act allows similarly situated carriers to enter into essentially the same contract, this agreement should not be deemed discriminatory.

B. Public Interest

The second issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it is contrary to

the public interest, convenience, and necessity. I recommend that the Commission examine the agreement on the basis of economic efficiency, equity, past Commission orders, and state and federal law to determine if the agreement is consistent with the public interest.

In previous dockets, Staff took the position that negotiated agreements should be considered economically efficient if the services are priced at or above their Long Run Service Incremental Costs (“LRSICs”). Requiring that a service be priced at or above its LRSIC ensures that the service is not being subsidized and complies with the Commission’s pricing policy. All of the services in this agreement are priced at or above their respective LRSICs. Therefore, this agreement should not be considered economically inefficient.

I have no reason to conclude that this agreement is contrary to the public interest and nothing in this agreement leads me to the conclusion that the agreement is inequitable, inconsistent with past Commission Orders, or in violation of state or federal law. Therefore, I recommend that the Commission approve the agreement subject to the implementation requirements of the next section.

IMPLEMENTATION

In order to implement the VERIZON-VOICESTREAM agreement, the Commission should require VERIZON to, within five (5) days from the date the agreement is approved, modify its tariffs to reference the negotiated agreement for each service. Such a requirement is consistent with the Commission’s Orders in previous negotiated agreement dockets and allows interested parties access to the agreement.

The following section of VERIZON's tariffs should reference the VERIZON-VOICESTREAM agreement: Agreements with Telecommunications Carriers (ICC No. 10 Section 18).

Furthermore, in order to assure that the implementation of the Agreement is in the public interest, VERIZON should implement the agreement by filing a verified statement with the Chief Clerk of the Commission, within five (5) days of approval by the Commission, that the approved Agreement is the same as the Agreement filed in this docket with the verified petition. The Chief Clerk should place the Agreement on the Commission's web site under Interconnection Agreements. Such a requirement is also consistent with the Commission's Orders in previous negotiated agreement dockets.

For the reasons set forth above, I recommend that the Commission approve the agreement under Section 252(e) of the 1996 Act.